# GOVERNMENT OF INDIA
# FINANCE
# LOK SABHA

UNSTARRED QUESTION NO:2594
ANSWERED ON:16.03.2007
LOSSES DUE TO SEZ
Singh Shri Chandra Bhushan

**Will the Minister of FINANCE be pleased to state:**

(a) whether cases of misuse of duty concession provided to Special Economic Zones (SEZs) have come up during the last five years;

(b) if so, the details thereof, year-wise;

(c) the action taken thereon;

(d) whether any mechanism for ensuring absence / reduction of such misuse is in place;

(e) if so, the details thereof; and

(f) if not, the reasons therefor?

## Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a) & (b): Yes Sir, misuse of customs duty concession have been detected by the Government. The details for the past five years are as under:

| Year | No. of cases | Amount (Rs. in crore) |
|---|---|---|
| 2002-03 | 12 | 7.66 |
| 2003-04 | 28 | 117.17 |
| 2004-05 | 23 | 14.67 |
| 2005-06 | 9 | 4.16 |
| 2006-07 (upto February,2007) | 8 | 0.28 |

(c): The detection of misuse is followed up by investigation after which quasi judicial process of issue of show cause notice / adjudication of case is undertaken. An amount of Rs.1.50 crores has so far been recovered in the above cases.

(d): Yes, Sir.

(e): SEZ units function under close supervision of Ministry of Commerce officials headed by a Development Commissioner, who monitor the utilization of goods imported or procured from DTA and check performance of the Units in the SEZs. Customs officers maintain control over movement of goods into / out of SEZ. They also check valuation / classification of goods and concessions availed in SEZs. In addition to the above, Directorate of Revenue Intelligence also supplements the efforts to detect any misuse on specific information / intelligence. Further, a system of regular audit by Central Receipts Audit is in place. There is also a mechanism for joint monitoring of the Units in SEZs by Development Commissioner and Customs to detect the occurrence of such misuse.

(f): Not applicable in view of (e) above.